



CAL SMACNA

May 24, 2012

**California
Association
Sheet Metal
and
Air Conditioning
Contractors
National
Association**

Mary D. Nichols, Chairman
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: AB 32 Cap and Trade Program Auction Proceeds Investment Plan

Cyndi Marshall
*Executive Vice
President*

Dear Chair Nichols:

2012-2013 Officers

David Lawson
President

Stan Capelli
President-Elect

Brad Young
Treasurer

Scott Baker
Secretary

Randy Attaway
*Immediate Past
President*

On behalf of the members of the California Association of Sheet Metal and Air Conditioning Contractors' National Association (CAL SMACNA), we thank the California Air Resources Board for hosting a public consultation on the investment of proceeds to come from the auction of allowances under California's Cap and Trade program for greenhouse gases. CAL SMACNA is a non-profit trade association representing over 600 union sheet metal and air conditioning contractors who employ more than 25,000 men and women throughout the state of California. These contractors perform commercial and residential heating, ventilating, and air conditioning (HVAC), manufacturing, and testing and balancing.

CAL SMACNA believes the Air Resources Board can contribute substantively to fighting climate change by providing the resources necessary to help California's local jurisdictions and building departments to enforce the State of California's existing and emerging Title 24 energy efficiency rules.

We view the recently adopted Cap and Trade program as an important opportunity to reduce California's greenhouse gases wherever they emerge in significant and remediable – and not just the simplest or most visible – source points. This means crafting solutions not only for the smokestacks and tailpipes that are emblematic of greenhouse gas, but also for the subtler yet just as significant sources embedded in California's energy consumption habits.



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Electricity production is the second largest source of carbon emissions in California, accounting for roughly 32 percent of its total emissions, and HVAC is one of the state's largest electricity end uses and the single largest contributor to peak power demand, comprising up to 30 percent of total demand in the hot summer months. Although state energy policies have made progress in increasing low-carbon and renewable electricity generation as a share of California's total portfolio, it is equally vital to AB 32 goals to address how efficiently that electricity is consumed, especially in the case of HVAC for buildings, one of California's largest consumers of electricity. Unfortunately, energy efficiency rules and regulations adopted by the state to address this challenge have been, and continue to be, undermined by poorly enforced building standards.

*California SMACNA is an association of SMACNA Chapters, contractors and associate members.
Our mission is to provide legislative and regulatory advocacy and program services.
Our goal is to provide the unified voice of our industry for the combined benefit of our companies,
our employees, and our communities.*



Local jurisdictions' building departments, the only mechanism for enforcing building standards, are notoriously underfunded and ill-equipped. An official report last year authored by the California Commissioning Collaborative¹ found local building officials are systemically underfunded and short-staffed, and *“staff are short on time and training, errors or omissions were found in the tools these staff rely on, and the forms used in the compliance process are too numerous and often incomplete when submitted.”* As a result, weak enforcement leads to high rates of improperly installed and maintained HVAC equipment thereby undermining the state's energy efficiency rules and regulations.

The Air Resources Board has previously recognized that passage of AB 32 has amplified the need to reinforce California's energy efficiency efforts. The Board's Scoping Plan for AB 32 implementation states that while *“California has a long history of success in implementing regulations and programs to encourage energy efficiency ... [it] will need to greatly expand those efforts to meet our greenhouse gas emission reduction goals.”* CAL SMACNA believes one of those efforts should be to proactively restore and retrain staff in local jurisdictions' building departments. Additionally, funding must be dedicated to a thorough study of the tools and forms used in building inspections, followed by reforms.

We cannot ignore the real-world fact that fiscal strains among municipalities are the source for a range of deficiencies in local services, oversight, and regulation. The inadequacies of building standards enforcement stands out, however, as a serious and documented contributor to our inability to fully control greenhouse gas emissions through rules and regulations.

CAL SMACNA believes the Air Resources Board can make proactive, quantifiable progress in reducing greenhouse gases by dedicating a portion of Cap and Trade auction proceeds to supplementing local jurisdictions' funding for staffing, training, and support of building inspection departments. Based both on the significant percentage of electricity consumed by HVAC and the lack of consistent and responsive enforcement of building regulations for energy efficiency, we think this policy problem presents a real opportunity for gains in meeting AB 32 goals for greenhouse gas reduction.

For these reasons, we respectfully urge the Board to consider using a portion of the Cap and Trade auction proceeds to provide local jurisdictions building departments the necessary resources to enforce existing and emerging Title 24 energy efficiency rules and regulations.

Sincerely,

A handwritten signature in cursive script that reads "Cyndi Marshall".

Cyndi Marshall, Executive Vice President

¹ “Evaluation of Title 24 Acceptance Testing Enforcement and Effectiveness” by the California Commissioning Collaborative. (2011). Paid for by the California Energy Commission.